

# *The Borden Company*

ESTABLISHED 1857

AND ALL SUBSIDIARY COMPANIES

## ANNUAL REPORT

*For the fiscal year ended December 31, 1928*

February 1929 THE BORDEN COMPANY *New York*

BOARDS

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ESTABLISHED 1857

AND ALL SUBSIDIARY COMPANIES



ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 1928



*February 1929*  
THE BORDEN COMPANY  
*New York*



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# THE BORDEN COMPANY

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## DIRECTORS

CHELLIS A. AUSTIN  
UNION N. BETHELL  
LEWIS M. BORDEN  
WALTER E. HOPE  
ALBERT T. JOHNSTON

ROBCLIFF V. JONES  
JOHN LE FEBER  
EDWARD B. LEWIS  
JOHN W. McCONNELL  
ALBERT G. MILBANK

ARTHUR W. MILBURN  
BEVERLEY R. ROBINSON  
HENRY C. SHERMAN  
WALLACE D. STRACK  
ROBERT STRUTHERS

## OFFICERS

ALBERT G. MILBANK, *Chairman Board of Directors*  
ARTHUR W. MILBURN, *President*  
PATRICK D. FOX, *Vice-President\**  
ALBERT T. JOHNSTON, *Vice-President*  
EDWARD B. LEWIS, *Vice-President\**  
MERRITT J. NORTON, *Vice-President*  
WALLACE D. STRACK, *Vice-President*  
GEORGE M. WAUGH, JR., *Vice-President*  
WILLIAM P. MARSH, *Secretary and Treasurer*  
STEPHEN J. DEBAUN, *Assistant Treasurer*  
EVERETT L. NOETZEL, *General Controller and Assistant Secretary*  
HERBERT W. DYE, *Controller and Assistant Treasurer*  
WALTER H. REBMAN, *Assistant Secretary*

*\*Elected February 5, 1929*

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## EXECUTIVE OFFICES

THE BORDEN COMPANY  
350 Madison Avenue, New York City  
(*Subsidiary and Territorial Offices not included*)

## REGISTERED OFFICE

15 Exchange Place, Jersey City, N. J.

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*Transfer Agent*, SEABOARD NATIONAL BANK, 115 Broadway, New York City  
*Registrar*, BANKERS TRUST COMPANY, 16 Wall Street, New York City  
*Counsel*, MASTEN & NICHOLS, 49 Wall Street, New York City

## CORPORATE ORGANIZATION AND SCOPE

THE business of your Company for the year under report falls into three general divisions:

- (1) The manufacture and sale of products consisting principally of the following:

CONDENSED MILK	CARAMELS
EVAPORATED MILK	LOAF CHEESES
DRIED MILK	MINCE MEAT
MALTED MILK	DRIED FRUIT JUICES

- (2) The purchase, preparation and distribution of:

FRESH MILK	CREAM
BUTTER	EGGS

and other Dairy Products by a system of wagon deliveries; and

- (3) The manufacture and sale of ICE CREAM.

The manufacturing and selling operations are conducted by The Borden Company (which dates back to 1857, in the production of Eagle Brand Condensed Milk), and its following subsidiaries:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
THE BORDEN SALES CO., INC. . . . .	100%
BORDEN'S PREMIUM CO., INC. . . . .	100%
THE BORDEN WESTERN COMPANY . . . . .	100%
THE BORDEN SOUTHERN COMPANY . . . . .	100%
THE BORDEN COMPANY OF PENNSYLVANIA . . . . .	100%
THE BORDEN COMPANY, LTD. (CANADA) . . . . .	100%
BORDEN REALTY CORPORATION . . . . .	100%
MERRELL-SOULE CO., INC. . . . .	100%
MERRELL-SOULE CO., LTD. (ENGLAND) . . . . .	100%
LAKESHIRE CHEESE COMPANY . . . . .	100%
THOMPSON'S MALTED MILK CO., INC. . . . .	100%
THOMPSON'S MALTED MILK CO. OF CANADA, LTD. (CANADA) . . . . .	100%
CANADIAN MILK PRODUCTS, LTD. (CANADA) . . . . .	100%

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## CORPORATE ORGANIZATION AND SCOPE

[Continued]

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THE fresh milk and dairy products distribution in the so-called Metropolitan District of New York City and adjacent territory, in Chicago, Ill., and its suburbs, in Milwaukee, Wis. and environs, and in Montreal and Ottawa, Canada, and in various other cities, is conducted by subsidiaries as follows (the last four of which are combination fluid milk and ice cream companies):

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
BORDEN'S FARM PRODUCTS CO., INC. . . . .	100%
BORDEN'S FARM PRODUCTS CO. OF ILLINOIS . . . . .	100%
BORDEN'S FARM PRODUCTS CO., LTD. (CANADA) . . . . .	100%
WIELAND DAIRY COMPANY, INC. . . . .	100%
GRIDLEY DAIRY COMPANY . . . . .	100%
KENNEDY DAIRY COMPANY . . . . .	100%
OTTAWA DAIRY LIMITED (CANADA) . . . . .	100%
CORNWALL DAIRY PRODUCTS LIMITED (CANADA) . . . . .	100%

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THE manufacture and distribution of Ice Cream in New York, New Jersey, Connecticut, Pennsylvania and Illinois is conducted by the following subsidiaries:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
J. M. HORTON ICE CREAM CO., INC. . . . .	100%
REID ICE CREAM CORPORATION . . . . .	100%
DAIRY MADE ICE CREAM CO., INC. . . . .	100%
AURORA ICE CREAM COMPANY, INC. . . . .	100%
WIELAND ICE CREAM COMPANY, INC. . . . .	100%
PEOPLES FUEL & SUPPLY CO., INC. . . . .	100%

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## C O M M E N T

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A REPORT of The Borden Company for the year 1928 should be read more in the light of its development and expansion during that year, and the effects and potentialities thereof, than as a report of operations on a basis comparable with prior years.

A report that comprehended only those activities that have been conducted for years past, which might be referred to as the old business of The Borden Company, would show both increased sales and net earnings derived therefrom when compared with 1927 and prior years.

It is also true that the 1928 results of those subsidiaries whose operations for the full year of 1928 are for the first time included in this report show an increase over 1927 and years prior thereto, as do the full year's results of most of the companies whose operations are necessarily included for only a part year, which part year period in numerous cases happens to be the less or least profitable period of the year. But without exception the operating results of our recent acquisitions in 1928 have been quite satisfactory thus far and have equalled the expectations of the management.

### *Sales and Net Income*

Sales for the year amounted to \$180,849,994.95 and Net Income derived was \$11,354,331.28, being 6.28% on sales and \$9.07 per share on Capital Stock outstanding December 31, 1928. It is to be noted that while value of sales increased 37% during the year as compared with 1927, the net income derived therefrom increased 59%. The shares outstanding at the close of the year included the 78,346 shares subscribed by Stockholders during the year and, as well, all stock issued up to that date in payment for businesses acquired during the year, irrespective of the date when the results of their operations were reflected in Borden income.

The earnings per share were, as referred to in the introductory paragraph of this report, necessarily substantially affected by the fact that although all stock issued in payment for certain businesses was outstanding at the close of the year, the Company enjoyed only a partial year's income to apply against such total issued stock at December 31, 1928.

Had the earnings per share been calculated on the basis of the average number of shares outstanding during the year, instead of the total outstanding on the last day of the year, the earnings would be considerably in excess of \$10.00 per share, although as will be readily understood it was necessary in acquiring such outstanding companies to consider and pay for potentialities definitely recognized.



### *Current Assets*

Cash on hand December 31, 1928 of \$13,546,195.71 compares with \$12,265,408.06 on hand at the close of the previous year.

Marketable Securities on hand December 31, 1928 of \$10,243,641.93 compares with \$8,640,128.76 on hand at the close of the previous year. The market value of these securities exceeds their book value.

Inventories on hand December 31, 1928 of \$11,633,098.82 compares with \$8,986,324.81 on hand at the close of the previous year. These are carried at cost or market, whichever is the lower. It is obvious that with the numerous acquisitions made, this item must necessarily show a substantial increase. However, the inventories as shown are not excessive, nor out of proper proportion to the requirements of the business.

Receivables are in excellent condition, collections having been good, with usual small credit losses, against which adequate reserves have, as always, been provided by charges to current operations.

### *Net Working Capital and Ratio of Current Assets*

Net Working Capital amounted on December 31, 1928 to \$31,127,030.73 as compared with \$24,726,622.74 on December 31, 1927.

Current Assets as of December 31, 1928 amounted to \$3.36 for every \$1.00 of Current Liabilities.

### *Mortgages and Purchase Money Notes*

All Mortgages and Purchase Money Notes as previously reported, and in addition those assumed in connection with acquired businesses, have been paid. In this connection it should be noted that all outstanding bond, note and/or Preferred Stock issues of acquired companies have also been paid or provision made as of December 31, 1928, for such payment as soon as possible under the terms of indenture.

### *Property, Plant and Equipment*

*(Not including Property, Plant and Equipment of such businesses as were acquired during the year 1928)*

In addition to the usual betterment and extension expenditures during 1928, The Borden Southern Company completed construction of a new Evaporated Milk plant at Macon, Mississippi, which is now in operation.

Another rapidly growing dairy section of the South, under observation and study by our experts for some time past, is the State of Texas, and as a result we have recently begun the erection of a Powdered Milk plant at Waco, Texas, which, with three nearby feeder stations to furnish an additional fluid milk supply, will permit of the future expansion of the project to a combination Powdered Milk and



Evaporated Milk plant. This undertaking, when completed, will enable us to more advantageously provide for the needs of that section of the country.

Borden's Farm Products Company, Inc. added considerably to its pasteurizing and distributing facilities during the year, the most important additions being new plants in Utica; Van Ness Avenue in the Bronx, New York City; Manhasset, Long Island; and Glenwood Road, Brooklyn, which are model plants of most modern design and equipment.

All important plant extensions, with certain general betterment items, were treated as capital expenditures.

The Company at all times maintains its properties in excellent physical condition and constantly studies their needs, both from a capacity and efficiency viewpoint, making such necessary outlay as the studies seem to make necessary. These, as well as all other property expenditures, are controlled by a conservative policy of accounting.

### *Expansion*

The inauguration of a policy of expansion in kindred products, all with a view to a broadening and diversification of the Company's activities and earning power, was announced in the 1927 Report, and more detailed announcements as to particular acquisitions have since, from time to time, been made. A recapitulation of all acquisitions to the date of writing this report will be found on Pages 10 and 11.

In connection with the foregoing, all of which is in the interest of product and territorial diversification, it is gratifying to note the greatly strengthened position of the Company in the fluid milk and ice cream fields in the cities of New York and Chicago, and its entrance in a very important way into the city of Detroit, as well as numerous other smaller, but important, cities of the country.

Our position in the Dried Milk and Malted Milk fields has also been considerably strengthened, and large importance is attached to the potentialities of the package and loaf cheese business (both hard and soft cheeses) in which we are now extensively engaged in the United States and Canada.

The policy of expansion will be continued to the extent that businesses of character, with managements of proven ability, can be acquired on a fair and proper basis.

Borden Company stock has been the consideration in practically all acquisitions, except for the cash involved in the retirement of outstanding bond and preferred stock issues, which, in the aggregate, is a considerable sum. Nevertheless, our cash position remains strong.

It is a fact that many outstanding men in the milk industry are now identified with this Company and provision is being made to benefit, not only by their efforts in certain prescribed fields, but also by their collective experience and talents as applied to Borden business generally.



An interesting feature of the Company's expansion is the growth of its Canadian business. The management has a firm faith in the potentialities of the Dominion and considers itself fortunate that one of Canada's most representative citizens, Mr. John W. McConnell, of Montreal, has consented to serve upon the Board of Directors of The Borden Company.

#### *Co-ordination*

With such a policy of expansion the proper co-ordination of the numerous activities involved becomes of utmost importance. This matter has had, and is continuing to receive, the most careful study of the management, all based on a policy of centralized control with decentralized operations.

#### *Trade Marks, Patents and Good Will*

It will be noted from the attached Balance Sheet that the Trade Marks, Patents and Good Will account has increased \$4,500,000, which is less than half the cost of the Good Will of all the businesses acquired in 1928, the value of which was carefully measured. The basis upon which a number of the Companies were acquired produced Capital Surplus which has not been taken into the Surplus account of the Company, but has been used to reduce the Good Will acquired to the figure above mentioned, which has been temporarily capitalized, making the Good Will account as of December 31, 1928 \$7,000,000.

#### *Capital Stock*

Of the authorized issue of 2,000,000 shares of capital stock of an aggregate par value of \$100,000,000 there was outstanding on December 31, 1928, \$62,588,750 represented by 1,251,775 shares of stock of \$50 par value each, as compared with \$34,670,700 and 693,414 shares outstanding on December 31, 1927. Of this increase in the capital stock of the Company (which for the year 1928 amounts to 558,361 shares) 78,346 shares were issued to Stockholders or their assignees as of August 16, 1928 at \$105 per share, the balance of the increase having been issued in payment for businesses acquired. The stock outstanding December 31, 1928 was held by 9,482 Stockholders with an average holding of 132 shares. Employees held an aggregate of 244,918 shares.

While it has been thought wise in each of the last five years to issue additional stock to Stockholders on an advantageous price basis, such action, if any, as to this year, is, in view of the Company's very strong cash position at the beginning of the year, deferred until the known cash requirements, particularly having in mind further acquisitions, are clearly established.

#### *Change in Par Value*

As set forth in our letter to Stockholders under date of February 5, 1929 the Board of Directors considered it wise, and in the best interests of the Company and



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## ACQUISITIONS

*Referred to Under Caption "Expansion" on Page 7.*

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1927 Acquisitions, operation of which began as of January 1, 1928, were as follows:

J. M. HORTON ICE CREAM COMPANY, INC.	NEW YORK, N. Y.
REID ICE CREAM CORPORATION	NEW YORK, N. Y.
OTTAWA DAIRY, LIMITED	OTTAWA, CANADA
CORNWALL DAIRY PRODUCTS, LTD.	CORNWALL, CANADA
MERRELL-SOULE COMPANY, INC.	NEW YORK, N. Y.
CANADIAN MILK PRODUCTS, LTD.	TORONTO, ONT., CANADA
MERRELL-SOULE CO., LIMITED	LONDON, ENGLAND
DAIRY MADE ICE CREAM CO., INC.	PATERSON, N. J.

Companies contracted for at various dates during 1928, and for which the stock issued in payment therefor was outstanding on December 31, 1928, are as follows:

GRIDLEY DAIRY COMPANY	MILWAUKEE, WISCONSIN
WIELAND DAIRY COMPANY, INC.	CHICAGO, ILLINOIS
WIELAND ICE CREAM COMPANY, INC.	CHICAGO, ILLINOIS
LAKESHIRE CHEESE COMPANY	PLYMOUTH, WISCONSIN
PEOPLES FUEL & SUPPLY COMPANY, INC.	CHICAGO, ILLINOIS
KENNEDY DAIRY COMPANY	MADISON, WISCONSIN
AURORA ICE CREAM COMPANY, INC.	AURORA, ILLINOIS
THOMPSON'S MALTED MILK COMPANY, INC.	WAUKESHA, WISCONSIN
THOMPSON'S MALTED MILK CO. OF CANADA, LTD.	TRENTON, ONT., CANADA

In addition to the above named companies acquired during 1928, all of which are being operated under their established names and by their proven efficient managements, the following acquisitions were merged with existing Borden operations:

J. M. BARRON & SONS	CHICAGO, ILLINOIS
A. J. OLSON COMPANY	CHICAGO, ILLINOIS
J. D. BROXHAM DAIRY CO.	CHICAGO, ILLINOIS
CHRISTIENSEN BROS. DAIRY CO.	CHICAGO, ILLINOIS
FREEMPORT MILK PRODUCTS COMPANY	CHICAGO, ILLINOIS
GREENVIEW FARMS DAIRY COMPANY	CHICAGO, ILLINOIS
CLINTONVILLE MILK COMPANY	CLINTONVILLE, WIS.
CLOVER LEAF MILK COMPANY	CHICAGO, ILLINOIS
KOENIG DAIRY COMPANY	CHICAGO, ILLINOIS

its Stockholders, to recommend the change in the par value of the stock from its present \$50.00 par value to \$25.00 par value per share. Should the Stockholders, therefore, at their meeting of April 17, 1929 give their approval to the proposed change of par, there will be issued to Stockholders as of April 26, 1929 two shares of the Capital Stock of this Company of the par value of \$25.00 per share for each share of stock of \$50.00 par value then held by them. This action, it seems, should result in a broader distribution and, therefore, a more general interest in the stock of the Company.

#### *Organization*

A report of the year's accomplishments would not be complete without particular mention being made of that which brings it about—a splendid organization, working intelligently and co-operatively, and constituting the Company's chief asset.

Respectfully submitted,

ARTHUR W. MILBURN,  
*President.*



The following companies were contracted for during the latter part of 1928 and in 1929 up to the date of the writing of this report; the actual ownership and operation of which, and the payments therefor (principally in stock) are effective at various dates in 1929:

F. X. BAUMERT & CO., INC. including its subsidiaries:— W. A. LAWRENCE & SON, INC. and BAUMERT CO., LTD.	{ The first two operating in the United States and Baumert Co., Ltd. oper- ating in Canada.	{ Manufacturers, Wholesale Dealers and Importers of cheeses, the principal brands being Eagle Brand Cream Cheese and Military Brand Camembert Cheese.
RISDON CREAMERY GABEL CREAMERY CO. SANDUSKY MILK PRODUCTS CO. CONSUMERS ICE & CREAMERY CO. SCHNEIDER-HOLMES COMPANY BELLE ISLE CREAMERY CO. INTERNATIONAL MILK PRODUCTS CO.	{ Operating in the city and envi- rons of Detroit, Mich.	{ Manufacturers and/or Dis- tributors of Fluid Milk, Cream, Ice and Ice Cream. (This will give us a substan- tial business upon our entry into the fourth largest city in the U. S.)
THE FURNAS ICE CREAM COMPANIES  MULDOON DAIRY CO. THE CITY DAIRIES COMPANY	{ Operating in the cities of Indianapolis, Terre Haute, Fort Wayne and South Bend, Indiana, and Akron and Columbus, Ohio.  Fort Wayne, Indiana. St. Louis, Missouri.	{ Manufacturers and Dis- tributors of Ice Cream.
CHATEAU CHEESE CO., LTD. MOYNEUR CO-OPERATIVE CREAMERY, LTD. LAURENTIAN DAIRY, LTD.	{ With headquar- ters in Ottawa, Canada.	{ Manufacturers and/or Dis- tributors of Fluid Milk, But- ter and Cheese.
MOORES & ROSS, INC. including its subsidiaries:— NOAKER ICE CREAM CO. HAMILTON MILK CO. CENTRAL OHIO DAIRY CO. OF COLUMBUS	{ Operating in Col- u m b u s a n d throughout cen- tral Ohio.	{ Manufacturers and/or Dis- tributors of Fluid Milk, Cream and Ice Cream.
SOUTH CHICAGO ICE CREAM CO. JERSEY ICE CREAM CO.	{ Chicago, Illinois. Chicago, Illinois.	{ To further improve our Ice Cream position in the Chicago territory.
MARSHFIELD MILK COMPANY	Marshfield, Wisconsin.	{ Acquired largely as a matter of procuring an additional milk supply.
RACINE PURE MILK CO.	Racine, Wisconsin.	{ Manufacturers and/or Dis- tributors of Fluid Milk, Cream and Ice Cream.
SCHMITT BROS.	Blue River, Wisconsin.	Manufacturers of Cheeses.

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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

*Consolidated Balance Sheet, December 31, 1928*

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ASSETS

PROPERTY, PLANT AND EQUIPMENT:

Including Madison Avenue and Hudson Street Office Building  
Properties (Values are based on cost or on field surveys by  
Company's engineers, supplemented where necessary by  
independent appraisals, with subsequent additions at cost). \$93,707,858.78

LESS:

Mortgages—Madison Ave. Office Building  
Properties . . . . . \$ 1,400,000.00  
Reserves for Depreciation . . . . . 26,145,786.29 27,545,786.29

NET PROPERTY, PLANT AND EQUIPMENT . . . . . \$66,162,072.49

CURRENT ASSETS:

Cash . . . . . \$13,546,195.71 (a)  
Receivables—Less Reserve for Doubtful Ac-  
counts . . . . . 8,905,738.33  
Marketable Securities (at Market or Less) . 10,243,641.93  
Finished Goods (at the Lower of Cost or  
Market) . . . . . 7,634,307.60  
Raw Materials and Supplies (at the Lower  
of Cost or Market) . . . . . 3,998,791.22 \$44,328,674.79

PREPAID ITEMS AND MISCELLANEOUS ASSETS . . . . . 392,840.92  
TRADE MARKS, PATENTS AND GOOD WILL . . . . . 7,000,000.00

TOTAL . . . . . \$117,883,588.20

(a) This Cash balance does not include funds deposited in escrow for the retirement of bonds, notes and preferred stocks of acquired companies which have been called for redemption.



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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

Consolidated Balance Sheet, December 31, 1928

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LIABILITIES

CURRENT LIABILITIES:

Accounts Payable . . . . .	\$ 9,092,872.74	
Accrued Accounts:		
Income Taxes (Estimated) . . . . .	1,499,024.39	
Other Items . . . . .	2,609,746.93	\$13,201,644.06

DEFERRED CREDITS . . . . . 112,371.10

TOTAL . . . . . \$13,314,015.16

CAPITAL STOCK—THE BORDEN COMPANY:

1,251,775 Shares Common (\$50.00 each) . \$62,588,750.00

RESERVES:

Insurance, Contingencies, etc. . . . . 11,667,213.91

SURPLUS . . . . . 30,313,609.13

TOTAL CAPITAL STOCK, RESERVES AND SURPLUS . . . . . \$104,569,573.04

TOTAL . . . . . \$117,883,588.20

THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

*Statement of Consolidated Income and Profit and Loss  
for the Year Ended December 31, 1928*

GROSS SALES . . . . .				\$180,849,994.95
NET OPERATING PROFIT:				
(After deducting all operating charges, which include provision for depreciation in the amount of \$4,635,395.92, insurance and property taxes) . . . . .				\$12,025,994.07
OTHER INCOME—Interest (Net), Dividends, etc. . . . .				811,980.19
GROSS INCOME . . . . .				\$12,837,974.26
OTHER DEDUCTIONS—Income Taxes (Estimated) . . . . .				1,483,642.98
NET INCOME . . . . .				\$11,354,331.28
SURPLUS CREDITS:				
Surplus, January 1, 1928 . . . . .				20,234,164.98
Premium realized from sale of Capital Stock . . . . .				4,309,030.00
GROSS SURPLUS . . . . .				\$35,897,526.26
SURPLUS CHARGES:				
Dividends—Paid during the year . . . . .			\$6,258,066.00	
Less Dividend declared in 1927 and paid in 1928 . . . . .		1,040,121.00	\$5,217,945.00	
Interest on Subscriptions to Capital Stock . . . . .			163,236.48	
Loss on Property and Securi- ties Sold (based on cost) . . . . .			140,796.76	
Appropriations to Reserves. (Including as in former years provision for profit sharing, amounting for 1928 to \$645,596.74)		\$1,061,938.89		
Less return to Surplus of Re- serve no longer needed for purpose for which estab- lished . . . . .		1,000,000.00	\$ 61,938.89	\$ 5,583,917.13
SURPLUS, December 31, 1928 . . . . .				\$30,313,609.13



HASKINS & SELLS  
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN THE PRINCIPAL CITIES OF  
THE UNITED STATES OF AMERICA  
—AND IN—  
LONDON, PARIS, BERLIN, SHANGHAI,  
MONTREAL, HAVANA, MEXICO CITY

37 WEST 39TH STREET  
NEW YORK

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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

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CERTIFICATE OF AUDIT

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WE have made a general audit of the accounts of The Borden Company and those of its subsidiary companies for the year ended December 31, 1928, or for the periods from the dates of acquisition to December 31, 1928, of companies whose businesses were completely acquired during the year.

We have verified the accounts representing cash and securities either by examination of such assets or by obtaining certifications of depositaries.

The charges to property accounts have been controlled by a conservative policy. In our opinion, adequate reserves have been provided for depreciation of property and for possible losses, and full provision has been made for all known liabilities.

The inventories of finished goods and raw materials and supplies represent book balances as shown by the inventory records, which are adjusted from time to time to agree with physical inventories, and which were examined and appear to be correct, all inventory valuations being based upon cost or market, whichever was lower.

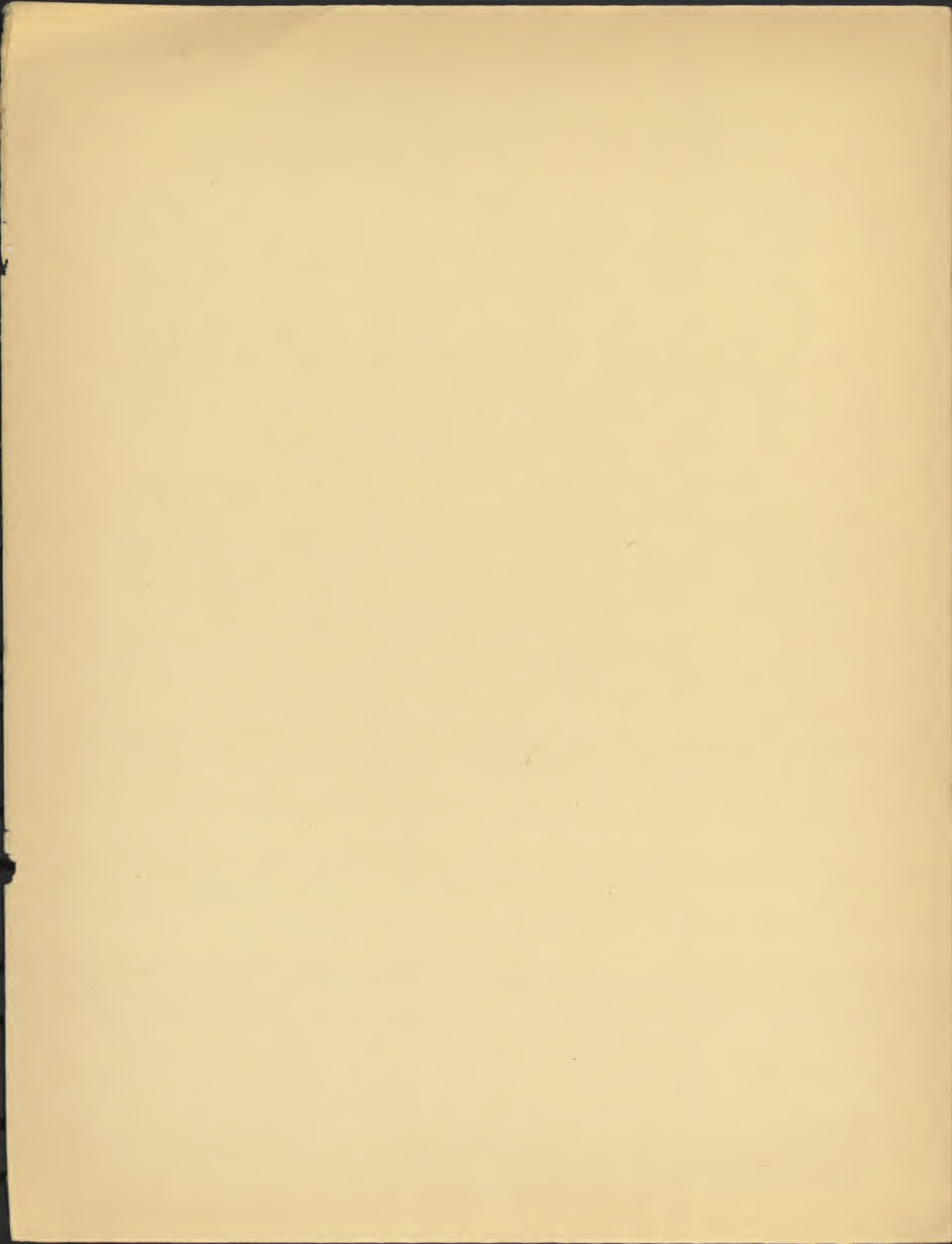
WE HEREBY CERTIFY that in our opinion the accompanying Consolidated Balance Sheet and Statement of Consolidated Income and Profit and Loss correctly set forth, respectively, the financial condition of the companies at December 31, 1928, and the results of their operations for the year (or lesser periods) ended that date.

HASKINS & SELLS.

New York, February 20, 1929.

*The JOHN C. POWERS CO., INC. · Printers · NEW YORK*





*Borden's*